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Memorandum

TO: MAYOR REED

FROM: Councilmember Sam Liccardo

SUBJECT: BUDGET DOCUMENT

DATE: October 6, 2010

Approved

Date

10-6-10

RECOMMENDATION

Direct the City Manager to examine and prepare for Council a recommendation that appropriately incorporates existing Redevelopment Agency "back-of-house" functions within the purview of the City. Candidates for inclusion in the City include such functions—all of which are currently conducted separately by the Agency--as:

- Human Resources
- Finance
- Communications and Public Relations
- Clerk
- Other Administration

The City Manager should recommend a merging of functions where doing so would result in cost savings and efficiencies due to economies of scale or the elimination of duplication of effort.

The City Manager should also indicate where she or other appointees will need to absorb RDA employees to perform those functions, and the approximate cost to do so. Funds should be set aside within the cost savings of the Redevelopment Agency budget to pay for those RDA staff shifting to the City.

The Executive Director of the Redevelopment Agency should explain where, if anywhere, the integration of those functions within the City would substantially impair the functioning of the Agency.

Finally, the City Attorney should advise as to whether the employees working under the City Manager's direction would continue to work as RDA employees or City employees, and the fiscal impact of that distinction should be assessed.

Any decisions to re-allocate staff or functions to the City could occur within the current budget, or at mid-year.

Discussion

We all place great value on the Redevelopment Agency staff's critical role in promoting long-term vitality and economic growth of San José. We should want to do everything we can to preserve the autonomy, flexibility, and responsiveness of RDA functions in such areas as Business Development, Strong Neighborhoods, Project Management, and Real Estate Transactions.

Other, more administrative tasks, however, are performed by the Agency in a manner largely duplicative of functions performed by City staff. Already, the City's Finance and Budget departments spend hundreds of hours each year dealing with RDA-related issues to assess the impact on the City's General Fund, Housing Fund, Parking Fund, and other accounts. It seems unclear why RDA would need separate departments handling city clerk or HR duties, since we already consolidate the legal functions for the City and RDA within the City Attorney's office. A June 2010 phone list revealed that RDA had 5 employees in Communications and Community Relations, which exceeds the City's own Communications office.

Where City capacity is stretched too thin to absorb these functions—as it will be in most areas--the City Manager will need to take on current RDA employees in those areas.

We must reduce any overhead or administrative costs and to focus RDA's scarce dollars on the delivery of RDA's critical services to our businesses and neighborhoods. With this action, I look to keep RDA resources where they have the most direct benefit to our residents, and to avoid bureaucratic redundancy.

BACKGROUND

New Expenditure/Reinstatement

Program/Project Title: Administration, Communications, Finance, Human Resources

RDA Project Area: Merged area

Amount of Agency Funding Required: \$ 0

Funding Source

Program/Project Title: Net savings

Amount of Agency Funding Change: \$

This change is: One-time X Ongoing

Anticipated Outcomes

Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc. in accordance with one of the following goals and objectives relevant to the City's redevelopment efforts:

- ☐ Create Jobs and Expand Business
- ☐ Build Public Facilities
- ☐ Strong Neighborhoods Initiative and Affordable Housing